1998
COMBAT VEHICLE CONFERENCE

SUSTAINING THE
COMBAT VEHICLE INDUSTRIAL
BASE

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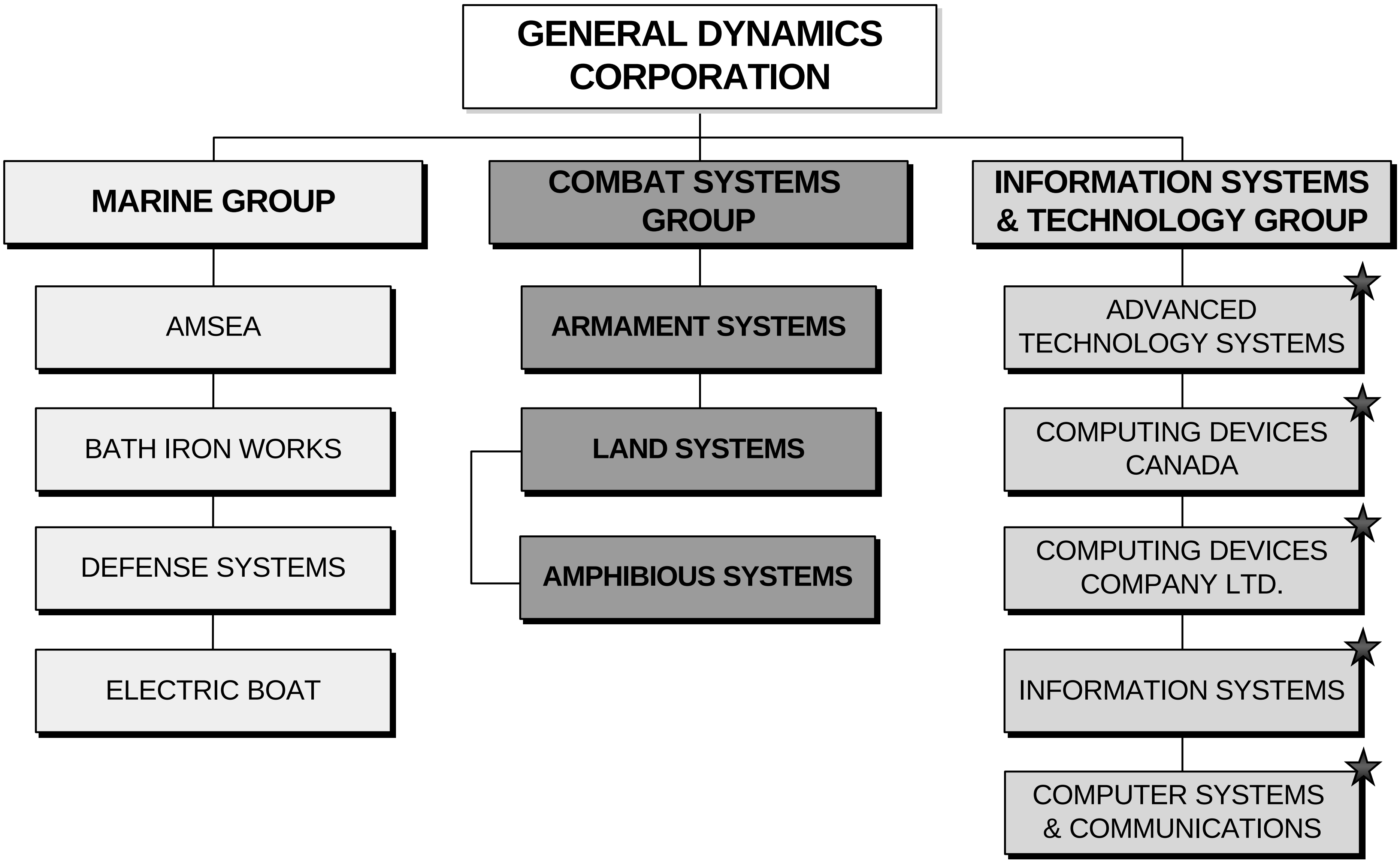
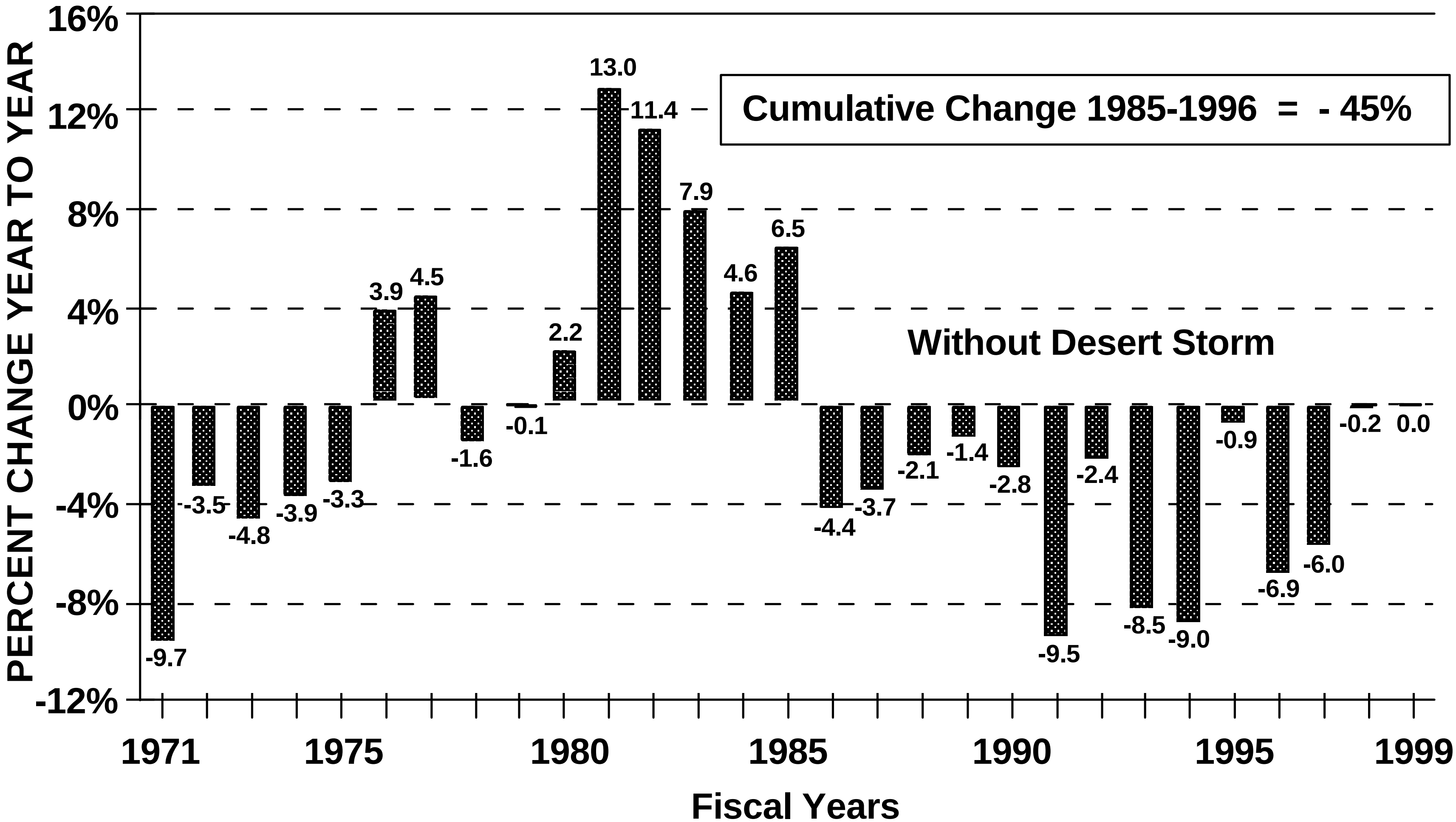
ORGANIZATION



★ **Recent Acquisitions**

GENERAL DYNAMICS
Land Systems

PERCENT CHANGE IN REAL DEFENSE BUDGET AUTHORITY



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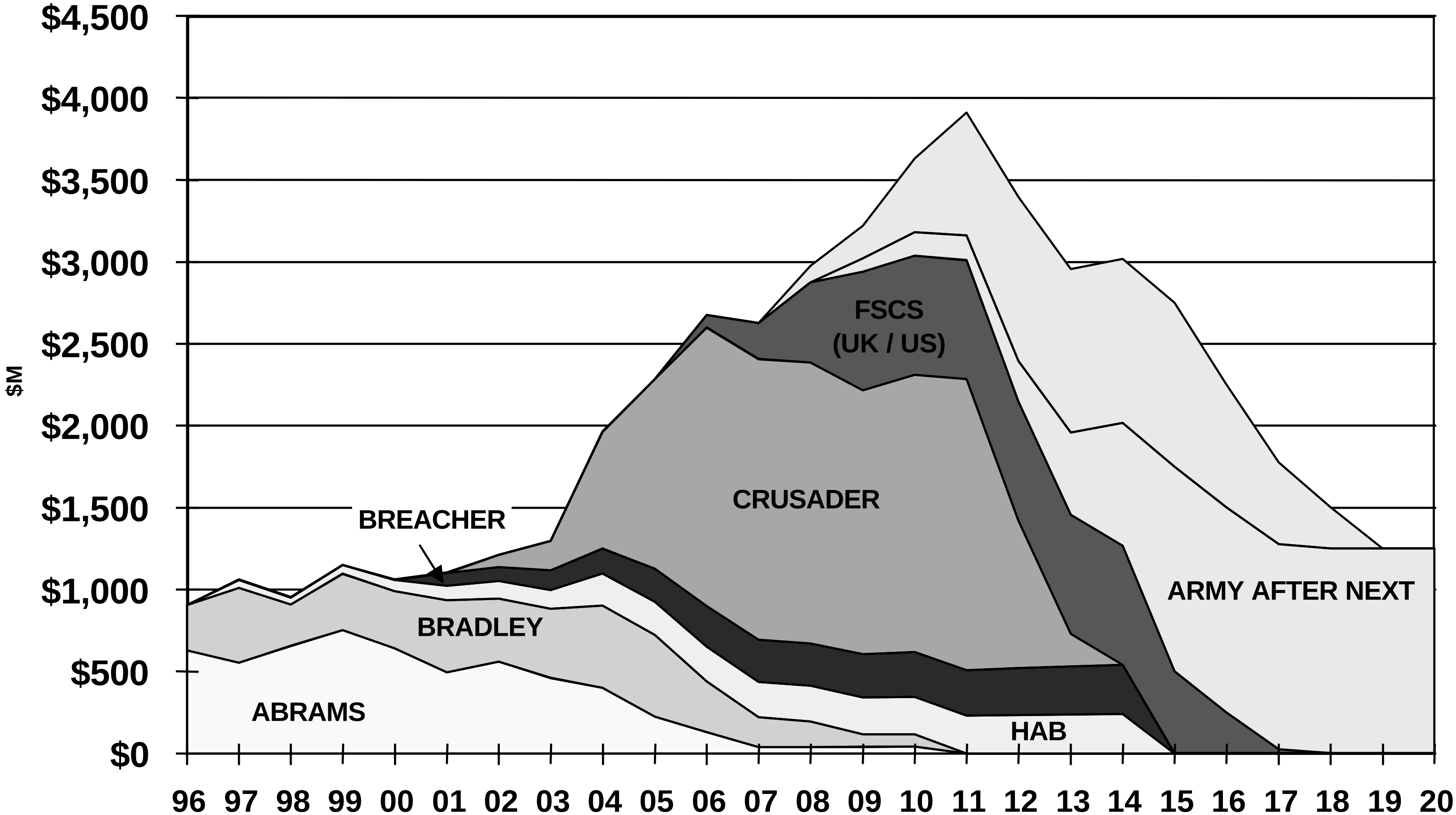
GENERAL DYNAMICS
Land Systems

U.S. ARMY COMBAT VEHICLE PROCUREMENT PROJECTIONS



Can We Afford the Future?

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THE RISK OF NO INDUSTRIAL BASE IS TOO GREAT!

WITHOUT INDUSTRIAL BASE

- OUR GREATEST ASSET - THE U.S. SOLDIER - MUST FIGHT WITH LESS THAN THE BEST EQUIPMENT
- PROGRAMMATIC FUNDING AND CONGRESSIONAL SUPPORT, LIKE THE INDUSTRIAL BASE, WILL HAVE TO BE RECONSTITUTED FOR AAN
- TECHNOLOGY WILL SHIFT AWAY FROM MILITARY APPLICATIONS IMPACTING ARMY'S ABILITY TO ACHIEVE AAN
- THE U.S. WOULD BE THE ONLY INDUSTRIAL NATION WITHOUT COMBAT VEHICLE PRODUCTION CAPABILITIES
- FLEET SUSTAINMENT OF OBSOLETE TECHNOLOGY WILL PLACE INCREASED BURDEN ON OPERATIONAL READINESS

NO INDUSTRIAL BASE . . . A RISKY PROPOSITION

INDUSTRY TRENDS TO ADDRESS SHRINKING SALES BASE

- **MERGERS AND ACQUISITIONS**
  - **Lockheed Martin / Raytheon, Hughes, TI / Boeing McDonald Douglas**
  - **Significant Increase in Mergers Since the End of the Cold War**
- **TEAMING AGREEMENTS**
  - **Dow Corning, GDLS / MTU, Matra BAe Dynamics**
- **PRIVATE / PUBLIC INDUSTRY PARTNERSHIPS**

INDUSTRY, LIKE THE ARMY, HAS A SIGNIFICANT CHALLENGE TO OVERCOME

COMBAT VEHICLE WORLD MARKET
AVERAGE ANNUAL MARKET 1996 - 2005

	U.S.*	%	REST OF WORLD*	%	TOTAL*	%
PRODUCTION	$1.5	7	$8.5	37	$10.0	44
DEVELOPMENT	$0.9	4	$1.7	7	$2.6	11
OPERATIONS & MAINTENANCE	$3.6	15	$6.8	30	$10.4	45
TOTAL	$6.0	26%	$17.0	74	$23.0	10

* $'s in Billions

- U. S. MARKET 35% LOWER THAN 1986-1995 PERIOD
  – PRODUCTION - 48%
  – R&D - 25%
  – O&M - 30%

MUTUAL SOLUTIONS

- PROVIDE RAPID RESPONSE (150 DAYS) MAINTENANCE REPAIR PARTS FOR IN-PRODUCTION HARDWARE
- MULTI-YEAR PROCUREMENT
- SUPPORT FOR INTERNATIONAL SALES
- PARTNERSHIP WITH SERVICES
- PROVIDE CRADLE TO GRAVE OR ARMS AROUND SUPPORT
- REDUCE OWNERSHIP COSTS

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FOCUS TO PROVIDE STABILITY FOR CORE CAPABILITIES

CRADLE TO GRAVE PARTNERSHIPS

"Unless the Army Figures Out How to Move a Legacy System Into a Cradle to Grave Partnership, Significant Savings Will Not Appear Until Long After the Army has Cut the Workforce, Responded to the Quadrennial Defense Review and Downsized. The Bottom Line is to Provide as Good or Better Service to the Warfighter Without Further Burdening the Soldier"

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LTG PAUL KERN
A DRAFT WHITE PAPER ON CRADLE-TO-GRAVE PARTNERSHIPS - AUGUST 1998

FUTURE BUSINESS
U.S. ARMY

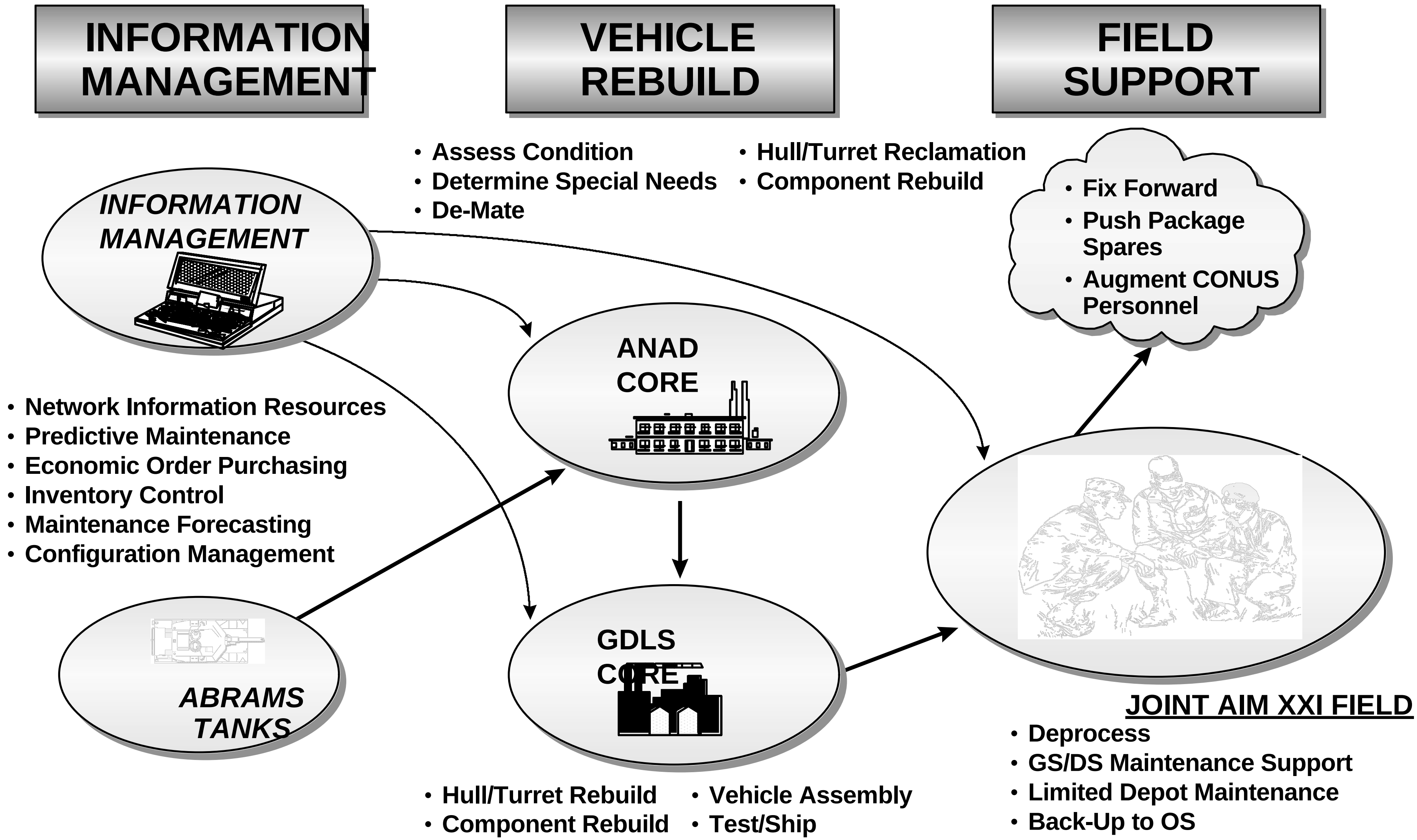
- **ABRAMS FLEET LOGISTICS REPORT SUPPORT**
  - **Life Cycle Support to be Provided by GDLS**
    - **Configuration Management**
    - **Total Package Fielding**
    - **Field Maintenance Above Direct Support**
    - **Spare and Repair Parts Inventory Management**
    - **Field Service, Training and Modifications**
    - **Repair and Upgrade**

"CONTRACTOR LOGISTICS SUPPORT"



CURRENTLY PURSUING A 2 YEAR FFP CONTRACT FOR THE M1A2 TANK AT FT. HOOD AND FT. CARSON

AIM XXI


INFORMATION MANAGEMENT
VEHICLE REBUILD
FIELD SUPPORT
• Assess Condition
• Determine Special Needs
• De-Mate
• Hull/Turret Reclamation
• Component Rebuild
• Fix Forward
• Push Package Spares
• Augment CONUS Personnel
INFORMATION MANAGEMENT
ANAD CORE
• Network Information Resources
• Predictive Maintenance
• Economic Order Purchasing
• Inventory Control
• Maintenance Forecasting
• Configuration Management
ABRAMS TANKS
GDLS CORE
JOINT AIM XXI FIELD
• Deprocess
• GS/DS Maintenance Support
• Limited Depot Maintenance
• Back-Up to OS
• Hull/Turret Rebuild
• Component Rebuild
• Vehicle Assembly
• Test/Ship

SUMMARY

- CORPORATE AND MILITARY ROLES ARE CANDIDATES FOR CHANGE
- READINESS / TECHNICAL SUPERIORITY IS FIRST
- INDUSTRY INVOLVEMENT CAN SUPPORT MUTUAL OBJECTIVES AND STRENGTHEN THE INDUSTRIAL BASE